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Approved For Release 2001/08/24 : CIA-RDP57-00384R001300070020-1

INCOMING TELEGRAM

Department of State

TELEGRAPH BRANCH

SECRET

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19-H
Action
FE

Control: 680
Rec'd: September 2, 1950
12:15 a.m.

FROM: Saigon

TO: Secretary of State

NO: 299, September 1, 5 p.m.

SENT DEPARTMENT 299, REPEATED MANILA 33, BANGKOK 24.

August 30, Legation received from French intelligence source report dated July, evaluated B-2 which claimed Philippine Department Defense proposed sell American war surplus secretly to Siamese Government in return quantity rice corresponding value arms. Material stated worth approximately 15 million ticals and composed 4 to 5 thousand sub-machine guns (mitrailleuses), 500 medium caliber cannon, some bazookas, about 15 airplanes, large quantity munitions. Philippine Government guarantee quality and good condition material, which will be transported Philippine commercial ships. Siamese warships will be provided escort in order assure safe passage and avoid difficulty with Siamese Customs Office. Philippine Department Defense intends keep deals secret so that it will not prejudice good relations between US and Philippines.

Comment: If true, believe deplorable that US officials should not be notified when materials concerned are obviously interest US Government. While Siamese may contemplate using weapons themselves, possibility always exists portion arms may find way into illegal arms traffic with VM. Would appreciate Manila comments any further information re this matter.

JAK:WR

COWEN

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